

THIRTY FIVE CENTS

JULY 1949

# MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

VOL. 1

3

REVIEW OF THE MONTH

RELIGION AND SOCIALISM—Frederic Hastings Smyth

IS THE MARSHALL PLAN AN INSTRUMENT OF PEACE?  
— Paul M. Sweezy

CAPITALIST "PLANS" AND THEIR SIGNIFICANCE  
— Charles Bettelheim

VALUE AND SURPLUS VALUE — Leo Huberman

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEETZY

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## NOTES FROM THE EDITORS

Through the courtesy of its Washington headquarters staff, we were able to mail sample copies of our June issue to the subscribers of Scott Nearing's quarterly publication *World Events*. We are grateful for this cooperation and wish the helpful attitude of these friends might become an established tradition on the Left. Closer unity should be the instinctive response to the increasing pressure of reaction.

*World Events* is Scott Nearing's periodical commentary on social and economic trends, especially in international relations. Annual subscription is \$1.00, sample copy 10c. Address: 125 Fifth St., N. E., Washington 2, D. C.

Two pre-publication announcements and one friendly comment on our first issue in *National Guardian*, "the Progressive Newsweekly," brought a surprisingly good response from all parts of the country. *Guardian* recently cut its subscription price from \$4 a year to \$1 for 40 weeks, and the low

continued on inside back cover

## ACADEMIC FREEDOM IN THE COLLEGES

The Education Editor of the *New York Times*, Benjamin Fine, recently published (May 29 and 30) the results of a broad survey of the status of academic freedom in the United States. The facts reported are sufficiently depressing and alarming. "A record number of academic freedom cases involving college faculty members who charge they were dismissed or denied promotion because of their political activities has arisen during the last year," according to Fine. The American Association of University Professors is "swamped" with complaints. The secretary of the AAUP, Dr. Ralph E. Himstead, is quoted as saying that "the principle of academic freedom is under greater fire than at any time in our thirty-five-year history."

Most of the cases involve charges of communism or some degree of association with communism. The AAUP is investigating at least eight cases, but by far the most important—as Fine puts it, "the one that is expected to set the pattern for nearly all of the others"—is the University of Washington case which involves the firing of three faculty members with tenure, two of them on the sole ground that they are members of the Communist Party. "Every one in the education profession," according to Fine, "recognizes the importance of this case. No matter what decision is reached, the repercussions will be severe. Many college presidents have indicated that they are awaiting the association's verdict before they take action against suspected Communists on their own campuses."

In other words, if the AAUP upholds the firing of the Washington professors the result will be an immediate and nation-wide witch-hunt against "suspected Communists." On the other hand, if the AAUP condemns the University of Washington's actions in this case, a strong position will have been thrown up around which it will be possible to rally and make a serious effort to throw back the current offensive against academic freedom.

The issue in the Washington case could hardly be more clearly drawn. (This does not apply to the firing of Professor Ralph Gundlach, who is not a Communist. The Gundlach case is an outrageous violation of academic freedom in its own right, but the most important general questions involved are presented in clearer form in the case of his two colleagues, Professors Phillips and Butterworth. If their case

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is won, the charges against Gundlach would be reduced to a ridiculously flimsy accusation of neglect of duty. Hence to concentrate on the Phillips-Butterworth case is in no sense to ignore, or depreciate the importance of, the Gundlach case.) The issue is simply this: is a member of the Communist Party, by that very fact alone, unfit to teach in an American university?

To any one with a sense of historical perspective and an understanding of the forces at work in the world today there is only one possible answer: provided he is competent and does his job, a Communist is as eligible as any one else to teach in a university. Communism is a world-wide movement with literally hundreds of millions of followers; it is based on a rational and humane theory of nature and society; its ultimate aims are the abolition of exploitation and the creation of a society in which "from each according to his ability, to each according to his needs" will be a reality. There are bound to be Communists in the United States as well as in every other country in the world; it is absurd, and in the long run is certain to be self-defeating, to treat them as conspirators and foreign agents. They should of course be allowed to teach, and the desirable situation would be one in which they were as free as Democrats or Republicans to declare themselves and to defend their views.

And yet, according to Fine, college presidents and administrators "are virtually unanimous in upholding the ouster of Communist party members from their faculties." That this is no overstatement has since been emphatically shown by the publication of the National Education Association's handbook *American Education and International Tensions* which recommends the exclusion of Communists from the teaching profession and which was drafted by a committee including Presidents Conant of Harvard and Eisenhower of Columbia. (This handbook, incidentally, was promptly endorsed by President Truman whose claim to speak authoritatively on educational matters, however, is perhaps more doubtful.) Let us examine the three reasons which, judging from Fine's account, seem most frequently to be advanced in support of this "virtually unanimous" opinion.

First reason: "The use of the protection of academic freedom by those who are opposed to the American form of government is dishonest and hypocritical." This argument raises some nice questions. Are you opposed to the American form of government if, for example, you think the British system of parliamentary supremacy is better than the American system of division of powers? Should you therefore be denied the protection of academic freedom? Our worthy educators will indignantly reply that this is not what they mean; by American form of government they mean freedom and democracy. But freedom for whom, from what? Democracy as defined in the Gettysburg Address,

or as practiced in Georgia? A moment's reflection on these questions will show that there is no safe criterion of belief in the American form of government and that any attempt to force such an arbitrary standard on the teaching profession would make a mockery of academic freedom.

Second reason (quoting President Day of Cornell): "Any teaching that advocates overthrow of our Government by force and violence has no place within the concept of academic freedom for it abuses academic freedom and betrays the obligations it involves." But not a single one of the academic freedom cases presently before the AAUP involves "teaching that advocates overthrow of our Government by force and violence." No such case has arisen and none is likely to arise. The whole issue is a combination of straw man and red herring.

Third reason (again quoting President Day): "The faculty of any college should be made up of free, honest, competent, inquiring minds, seeking to find and disseminate the truth. The mind of a member of the Communist Party is enslaved to the party line. It cannot possibly claim to be either free or honest. It is manifestly disqualified for membership in a faculty of higher learning in a free and freedom-loving society such as ours." This is probably the argument on which the proponents of an oust-the-Communists policy set the greatest store. It is made up of two parts which have no relation to each other. To say that a college faculty ought to be made up of "free, honest, competent, inquiring minds, etc." is much like saying that all men ought to be saints. There are some saints in the world, and most college faculties include a reasonable number of "free, honest, competent, inquiring minds." But there are many sinners, and all college faculties include an unreasonable number of stuffed shirts, fourflushers, and time servers. It would take a Veblen to do justice to this subject, and we do not pretend to be able to. We content ourselves with a little piece of advice to the presidents, chancellors, provosts, and deans: better not talk too much about "free, honest, competent, inquiring minds" if you want to be taken seriously.

We come now to the question of the party line. How does President Day know that the mind of a Communist is "enslaved to the party line?" Has he ever been a member? If so, he seems to have escaped from slavery without too much trouble. The fact is, of course, that no one is obliged to join the Communist Party or to remain a member if he does join it. There are no material rewards or emoluments connected with membership—quite the contrary. Under these circumstances, it is impossible to avoid the conclusion that people join the Communist Party because, on the whole, they accept its doctrines and policies. (It is necessary to stipulate "on the whole," because any one who has ever really known Communists—as distinct from reading about them in the papers—knows that many of them, especially in the

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academic world, are frequently highly critical of one aspect or another of the party's work.) As Alexander Meiklejohn put it in a brilliant article, "they do not accept Communist beliefs because they are members of the party. They are members of the party because they accept Communist beliefs." ("Should Communists Be Allowed to Teach?" *New York Times Sunday Magazine*, March 27, 1949).

There is thus no question of "enslavement," and the only real issue is whether a person who accepts certain doctrines and adheres to a certain political line is thereby disqualified from the teaching profession. The answer, surely, is that there is no general answer. If a teacher slants everything to accord with his own views and attempts to indoctrinate students he is a poor teacher and can legitimately be fired for that reason. The proof of the pudding is in the eating, and the proof of the teacher is in the teaching. No one could complain if our educators would stick to this principle. But they don't; and if they did, Communists would be by no means the greatest of their problems.

It is clear that none of the arguments which are currently being put forward to justify the dismissal of Communists from college faculties will stand serious examination. They are in the nature of ideological rationalizations of a position which has different—and much deeper—roots. Fine tells part of the story: "Many college administrators are concerned lest they be accused of harboring Communists or fellow-travelers on their campuses, and therefore act against those professors who appear to be too far left of center." The fear is by no means groundless, and it is motivated by a good deal more than mere potential criticism. Heptisax, the *Herald-Tribune's* Sunday apologist for the worst features of capitalism, blurted out the truth when he wrote that

some of the colleges at least are learning, to their horror, that the generosity of the alumnus is inhibited these days by a new suspicion. This is that the colleges are incubating communism, under the cloak of "academic freedom." Hysteria? Maybe. But denouncing hysteria is not going to save the colleges.

(*Herald-Tribune*, March 6, 1949)

And every one knows that it is the business of college administrators to save the colleges—with or without the cloak of academic freedom.

But it would be most unjust to suggest that all college administrators act as they do out of fear. There are those—like Chancellor Hutchins of Chicago and President Taylor of Sarah Lawrence—who have shown that they can be counted on to stand up for their principles in spite of the pressures brought to bear on them; and even those who swim with the tide do so for the most part out of conviction rather than out of fear. Their attitudes and actions are determined by the same forces that dominate the rich alumni on whom they rely for funds.

They are in fact an integral part of the ruling class and faithfully execute its policies in their special field of responsibility. If we are to comprehend and combat the mounting offensive against academic freedom we must understand that ultimately it is a symptom of the crisis of American capitalism and immediately it comes as much from inside as from outside the academic community.

Let us close with two quotations from that greatest of American social scientists, Thorstein Veblen. They occur in an essay written in 1921 and appropriately entitled "Dementia Praecox," which was one of Veblen's most brilliant commentaries on the witch-hunting hysteria which followed World War I. Their relevance to the subject before us requires neither elaboration nor emphasis.

The current situation in America is by way of becoming something of a psychiatric clinic. In order to come to an understanding there is doubtless much else to be taken into account, but the case of America is after all not fairly to be understood without making due allowance for a certain prevalent unbalance and derangement of mentality, presumably transient but sufficiently grave for the time being. Perhaps the commonest and plainest evidence of this unbalanced mentality is to be seen in a certain fearsome and feverish credulity with which a large proportion of the Americans are affected. As contrasted with their state of mind before the war, they are predisposed to believe in footless outrages and odious plots and machinations—"treasons, stratagems, and spoils." They are readily provoked to a headlong intolerance, and resort to unadvised atrocities as a defense against imaginary evils. There is a visible lack of composure and logical coherence, both in what they will believe and in what they are ready to do about it.

(*Essays in Our Changing Order*, pp. 429-30)

And further on in the same essay he added:

Under cover of it all the American profiteers have diligently gone about their business of getting something for nothing at the cost of all concerned, while popular attention has been taken up with the maudlin duties of civil and religious intolerance. (P. 432)

At any rate, let it not be said that history never repeats itself.

## DEPRESSION, NOW

The guessing game concerning the time and the extent of the coming depression continues. This summer, this winter, next spring, next summer, we will have a depression, we won't have a depression, yes, maybe, but, if—the bewildered citizen doesn't know what to believe.

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All this numbo-jumbo, however, conceals a fact of great importance—that for several million Americans the depression is here, *now*.

The correct figure for unemployment today is almost certainly higher than the three and a quarter million reported by the Census Bureau, but the exact figure cannot be stated since, in the United States, statistics on the number of pigs or the volume of bank loans have always been much more accurate than on the number of people out of work. But what we can be sure of is that for well over three million American workers there are no jobs, now. For these men and women and their families the guessing game as to if and when the depression will come is meaningless—for them the depression is here, now.

And while the apologists for capitalism continue to beat the drums for the wonders of free enterprise and how rich and happy and free we all are as the result of our God-given economic system, the depression in those millions of homes takes its inevitable toll. Not enough money for enough milk, citrus fruits, vegetables, and meat to insure good health—the children now are getting the rickets, and bad eyesight, and defective teeth, and the frail bodies which cause so many of them to fail to meet the army's test for physical fitness later on; the droop of the shoulders, the haunted look of worry and fear that mark the man who is ready, willing, and able to work but can find no work; the more frequent flare-ups between husband and wife, parents and children, as the lack of money makes impossible the movie, the glass of beer, the ice-cream soda, the trip in the old car; the humiliation and psychological upsets that result from having friends come to a home sadly in need of new furniture or fresh paint, or having to walk the streets in the same old torn shoes and faded dress; the loss of dignity, the sense of despair, the horrible feeling of not being able to cope with the problems of life.

This is already the lot of more than three million families for whom the depression is here, now. Millions of other workers are terror-stricken that each week's pay check will be their last, and it will be the lot of their families, too. And what of the young people of the nation, the boys and girls full of the energy and enthusiasm of youth, who have spent most of the years of their lives in school and college studying and training themselves to do the work that needs to be done? For them also the depression is here, now. *The New York Times* reported on May 27, 1949:

### JOB PROSPECTS FOR JUNE GRADUATES HELD LIKELY TO BE WORST SINCE '41

The situation now is that more graduates will be coming out of American colleges and universities this year than ever



before in history, and industry is hiring fewer workers than in recent years . . . .

Here certainly, is one of the worst of the evils of capitalism—the waste of the energy and talent of young people in the prime of life. Perhaps these young people can have their depression experience so pointed up that they will realize that planless capitalism with its chaos, exploitation, waste, and insecurity is rotten ripe for change—and they can help change it. It is the job of socialists to teach them that fundamental lesson.

Another headline in the *Times*, on June 9, 1949 might well serve as lesson number two—to illustrate what factors are taken into account by capitalist governments in coping with the problems of depression:

### GI's TO GET 2 BILLIONS SOON IN DIVIDENDS ON INSURANCE

White House to Decide Whether Money Will  
Go Out This Fall To Aid Business or  
Next Year to Influence Votes

Obviously, under capitalism, human suffering now is of less importance than votes next year.

### LIBERALS AND SOCIALISTS

Stuart Chase has an article in *The Nation* of June eleventh which raises in classically simple form the central point at issue between liberals and socialists.

The article is called "If Peace Breaks Out" and begins with an imaginative account of the economic disaster which would overtake the United States on the morrow of the conclusion of a genuine and lasting settlement with the Soviet Union. So far so good.

Mr. Chase next proceeds to ask what preventive action might be taken. He quotes a GI tank driver, on the way to France during the war, as saying "if the country can keep prosperous making tanks for people like us to die in, why can't it keep prosperous making houses for people to live in?" And a little farther along, Mr. Chase himself asks, à propos of the present enormous war-preparation program of the American government, "if we can finance \$25 billion of waste without undue strain, why can't we finance an equal amount of wealth?"

Mr. Chase gives the liberal answer to these questions. It is simplicity itself. The country *can* keep prosperous making houses; we *can* finance any amount of wealth we can produce. And having settled

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that, he hurries on to what he considers a more interesting subject, his own preference for a conservation program instead of a housing program as a source of "long term outlays to balance the business cycle."

This is all very nice, and in a sense of course it is true. If *we* get together and make up our minds to do the job and resolutely push aside those who stand in the way of our doing the job, then we certainly can. So far as the physical and technical possibilities are concerned Mr. Chase is undoubtedly right.

But Mr. Chase ignores, or forgets, or overlooks, or fails to understand the little fact that those who stand in the way are the private individuals and groups who own the land on which the houses would be built, the factories which would produce the materials from which to build them, and the natural resources which ought to be conserved—in short the class that runs the economy and controls the government. *They* are—and under our system of laws and customs *must be*—interested in making a profit for themselves. That's why there would be a crash if peace should "break out;" even more, it is why under existing conditions peace is not likely to break out. And that's why *they* won't allow *us* to make houses for people to live in and to finance all the wealth we can produce.

That is to say, they won't as long as they can get away with it; or, to put it the other way around, they won't unless and until we wake up and recognize what's going on. But by that time we—or at any rate most of us—will have stopped being liberals and, whether we know it or not, will have become socialists. Because socialism is no more and no less than the kind of society in which *they* won't be able to stop *us* from making houses and financing the production of wealth and conserving natural resources.

(June 14, 1949)

## RELIGION AND SOCIALISM

BY FREDERIC HASTINGS SMYTH

Merely to write the above title is to fly in the face of the religious concepts of a great many people. Because, in the minds of many who count themselves as "religious," only that which is included in the area of a "spiritual" relationship with God, which concerns man's eternal,

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*Dr. Smyth is Superior of the Society of the Catholic Commonwealth (an Episcopal religious order). He is the author of Manhood into God and Discerning the Lord's Body.*

as distinct from his temporal, destiny, and which is therefore indifferent to human judgments (or tastes) in the political and economic ordering of this present life on earth, can be properly allotted to the domain of religion. It is obvious, therefore, that before we proceed we must make clear what we mean by "religion."

In what follows, the religion of which we speak will be that which derives from the Hebrew-Christian tradition. And this religion has from the beginning invariably concerned itself with the affairs of this life. Judeo-Christian religion is this-worldly rather than next-worldly.

The ancient Jewish community of Palestine, highly conscious of its social unity in a kinship or "brotherhood," lived under a code of communal law full of economic legislation related religiously to the will of the God of Israel. The Book of Deuteronomy, for example, condemns, under high religious sanction, the exaction of interest on loans of either money or goods; it forbids the grabbing of a neighbor's land by shifting the markings of a drawn boundary; it confirms an older law freeing slaves after a fixed period of service; it makes elaborate provision for periodical redistribution of lands in such wise as to prevent the growth of a permanent landed aristocracy and the correlative formation of a dispossessed tenantry or share-cropper class. All such religious laws are intended to legislate, within the political and economic life of this world, a set of human relationships proper to men living in a social unity which can, with correctness and meaningfulness, be described as a "brotherhood." They are founded upon the clearly seen truth that men can be spiritually "brotherly" only within a community so organized and governed that "brotherliness" in material relationships is enforced by the authority of constitutional community law. And this law, in all its carefully detailed prescriptions, is gathered together in its great Summary which inseparably links all love of God to a regard for one's fellow men ("neighbors") equal at least to one's regard for oneself. The Founder of Christianity, far from denying this central commandment of the Jewish tradition, confirmed it; but he expanded the obligation to the achievement of human community beyond its historic confines in the Hebrew Nation, to embrace all men of every race and every nation.

Therefore, the religion of the Judeo-Christian tradition is by no means exclusively next-worldly in its immediate emphasis. From earliest Old Testament times, this religion has not hesitated to "meddle" or "tamper," as some people today would put it, with both politics and economics in order that the principles of "brotherhood" may be realized in the basic order of the human social structure. The very kernel of this religion is to aim at the realization of a communally structured way of life such that individualistic self-seeking shall be replaced and dominated by a system of cooperative human relationships.

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In other words, in our religious tradition, no moral or ethical principles are ever put forth as if within an environmental vacuum. And still less, by far, do we ever presuppose that the social structure of man's environment shall make it categorically *impossible* to put religious principles into everyday practice. On the contrary, when we teach men that they should tell the truth, we presuppose an economic structure such that truth-telling will gain its due social and economic advantage in practical business and community esteem. When we teach men that they ought to give freely of their best ideas and skills for the advantage of their fellows, we presuppose a society so ordered in distributive justice that those making such contributions shall unfailingly have their due share of whatever social amenities and wealth may subsequently accrue. In brief, when we teach men that they ought to "love one another," we presuppose a social setup in which communal behavior—traditionally known as "brotherly love"—shall be constitutionally and legally enshrined. We presuppose a social structure so ordered that, when individuals do actually take their religious precepts seriously and seek to "lose their lives" in the service of their fellow men, do seek to be completely and openly truthful, do seek no material advantages either at the expense of or to the impoverishment of their fellows, they themselves will not be penalized for their so-called "self-sacrificing" generosity, but will share justly in the resulting common good. In "losing their lives" they will genuinely "find them."

It follows that the religious approach to the economic and social problems presented by our developed capitalism is not so much immediately one of moral leadership and of prophetic exhortation (although these can certainly not be absent), as it is one of scientific guidance and of social engineering for the achievement of an order such that religious principles can, at least, be put into practice in every department of life by all who are determined to do so. This does not, of course, mean that all men without exception must be motivated by religious conviction. But it does mean that those who are so motivated must not be flatly impeded, as they are now, by the objective realities of our contemporary capitalist society.

That such impediments now exist can hardly be other than obvious to any thoughtful person. It is absurd, for example, to exhort people to be consistently truthful (an undoubted element in treating others like "brothers") while at the same time permitting our sons and daughters to become advertising agents, radio announcers, or even travelling salesmen within a competitive capitalist structure; for in these areas of activity thoroughgoing truthfulness is penalized, not rewarded. Thus, for "religious" people with "scruples," the practical opportunities for unpenalized truth-telling are narrowed to such relatively unimportant occasions as those of mealtime pleasantries and other non-business in-

terchanges with intimates who will not "give us away" to an outer world which, because of its basic structure, awards profits to individuals in proportion to their skill in manipulating untruths.

It is by virtue of the religious requirement that an economic environment be achieved which will make "brotherly" behavior possible at every level of activity, that religiously motivated people must now join hands with scientific socialists for the replacement of our competitive, self-seeking economy—an economy which in its very constitution exalts individualist profit-making above every other consideration—by one which seeks to make all production cooperative, one which distributes the profits of industry not on the basis of the private ownership of wealth but on the basis of the needs of all the members of the producing community considered as a whole. Socialism, thus defined, is "brotherly behavior" made socially constitutional.

There are those who teach that "unselfish" self-giving is sufficiently possible even now within our present capitalist society. Those who believe this belong to that school of thought which imagines that our present economic order—and for that matter, any human order whatever—will be "good" if men as individuals are "good" within it. Now while it is certainly true that no economic order, regardless of how well adapted it may be for the satisfaction of religious motivations, will itself be "good" unless individuals are also "good" within it, it does not follow that individual moral integrity can reform or revise a bad economic order. On the contrary, really consistent religious behavior within a capitalist order is more likely to destroy it than to improve it. Thus, religious virtues within a social structure which constitutionally contradicts them, are not palliative, but revolutionary.

This possibility of flat contradiction between the behavior patterns enforced by an economic structure and the moral behavior demanded by religious conscience is neither generally nor sufficiently perceived. Even the late William Temple, Archbishop of Canterbury, clear-sighted as he usually was, drew from the fact that "commerce is one of the factors which brings nations together," the conclusion that "whether in doing so it promotes good will or ill, depends on whether we conduct it rightly or sinfully." Now, this seems to be correct as a generalization; but if applied to present practice it would take us much further than most people who accept this kind of statement usually realize. Dr. Temple continued, saying, "If you treat as competition for profit what is really cooperation for public service, something is likely to go wrong; but if we treat it for what it is, a great system of cooperation for the general benefit, it will generate good will. But if we are self-centered—which is the source of sin—and attend chiefly to our share of our interest in it, it is bound to go wrong in its working and to promote rivalries and enmities."

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This type of reasoning, often repeated and assuming many forms, overlooks an obvious difficulty. Unfortunately, our present economic system is so constituted that *unless* it is "conducted for private profit," precisely then something is not only "likely," but bound to "go wrong." Our American "way of life," from its foundation up, is so organized that if individuals or groups in significant numbers were suddenly to turn "good," in the sense of conducting their business on the principle of "cooperation," if they consistently behaved as if their only intention were to give themselves in every respect to society, rather than primarily to make a profit, their own enterprises and finally the entire system would collapse. Economic chaos would ensue. Our economy works exactly the other way round; the capitalist slogan has to be: "take care of the profits and communal cooperation will take care of itself." Thus in an anti-religious economy, religiously motivated people are compelled to behave in everyday practice in anti-religious ways; or they are compelled to become revolutionary menaces to the contradictory environmental economy.

Socialism offers a rational escape from this irrational dilemma; for in the socialist economy, individuals can be motivated by a desire to produce the good and useful things which man's intelligence now enables him to shape from the material resources of creation, not for individual profit, but for the use of the entire community. Socialism makes no paradoxically heroic demands of "unselfishness" upon ordinary individuals; on the contrary, it is an economy so constituted that it will bestow its advantages and rewards upon those who seek to "lose themselves" in the avenues of corporate self-giving which it opens to all. It is an economy in which individuals actually stand to receive most when they behave least as competitively acquisitive beings. In this way, socialism presents a scientifically realistic answer to the religious dilemma forced upon us by the nature of capitalism. It is that very "unselfishness" now, all too contradictorily extolled by religious moralists, enshrined for the benefit of everyone in the economic constitution of a social mode of production. A motivation desired by the religious man can thus be made productive in all the practical relationships of life; for socialism permits seeking the good of the whole as a primary aim, while at the same time benefit to the individual follows as a kind of morally secondary, but none the less logical, result. Such an economic order can satisfy the religious conscience without at the same time making demands of "unselfishness" so fantastically exaggerated as to overpass the bounds of proper reason. For although it is true that in moments of crisis, the individual, like the soldier in battle, is asked to dismiss all notion of personal reward, such conditions are not looked upon as permanently desirable.

It is true that working to establish a socialist system may, in the

immediate present, call for extraordinary sacrifices; but the Law of the Hebrew religion was designed to provide economic and social conditions within which the man who obeyed religious precepts there set forth might see the time when "his generation should be blessed," and "riches and plenteousness would be in his house." And when the Apostle Peter said to Jesus that he and his companions, for the sake of their common struggle and propaganda "had left everything and followed him, what should they have therefore?" the answer was not at all that such an enquiry was religiously irrelevant and somehow showed a morally low point of view, but rather that it was a rational enquiry, and the encouraging reply came: "Everyone who has left houses or father or mother or children or lands for me will receive an hundredfold: and there is no man who has left house or wife or brothers or parents or children for the sake of the achievement of the kingdom of God [the Biblical name for a social order corresponding constitutionally to the will of God] who will not receive manifold more in this very time." Thus socialism is the contemporary way of following the injunction of Jesus of Nazareth to "seek first a social order of Justice"—to which he added the encouraging assurance that clothing, food, good housing and other amenities of life must then, in the very nature of the situation so achieved, "be added unto us" as logical and therefore necessary consequences. For, in diametric opposition to the capitalist slogan just suggested, that of socialism is "take care of continuing communal cooperation and the profits will take care of themselves." The capitalist approach is fairly obviously failing, even on its own terms; the socialist approach gives every indication that it both can and will fulfil its promise.

Another, and perhaps a more specifically religious, criticism which must be levelled at capitalism is that of its wanton wastefulness. A religious man necessarily entertains a deep respect for all material things, as coming from the God he worships and as being part of His creation. A religious man must therefore aim at a careful and well-considered use of this creation, aiming at the conservation of its resources which ought to be exploited for their constructive usefulness and for the benefit of man. But we today, in violent contradiction of this religious care, live in a system of waste beyond comparison. In fact, waste might be called the keystone of the structure of our material existence. Historically, our competitive capitalism, developing over five or six centuries past, has raped God's creation for man's self-regarding profit rather than exploited it intelligently for human use. Nobody who has travelled thoughtfully over our own country but must be saddened by our ruthlessly slashed forests in many an old lumbering area; by the blackened and blighted countryside and streams of our coal mining districts; by our western bad lands, with their

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fertile top-soil lost beyond recall because of avaricious and careless use; by our "dust bowl" caused by profit-mongering grain planting during the first world war. All these desolations are but the stigmata of human activity without thought for humanity and its future; without any thought, in fact, beyond the quickly amassed profit for a small minority, and then but for a few fleeting years.

But the evil goes deeper. We even produce for the sake of waste! It is our very aim and purpose to have all our manufactured goods used up as soon as possible, to get them worn out or tossed away long before they have ceased to have utility. One need not multiply examples of this waste thus carefully contrived and socially engineered by the meretricious advertising propaganda showered upon us through every avenue of public expression. The great thing is to get everyone to buy, and then to buy more and more; to buy more and to throw away; to buy beyond all rational need and the possibility of constructive use.

But even these methods of waste do not suffice to drain away what are so quaintly called the products of "over-production" made possible by present day techniques. We are compelled from time to time during periods of peace to resort to government support of prices, while many of our citizens cannot buy sufficiently for their needs even at lower prices; and we resort to government subsidy of waste and destruction, especially of foodstuffs, in order to prevent the ruin of our producing farmers and to keep them abreast of other business in the mad scramble for profits. All of this is accompanied by human waste, by so-called "depression" unemployment and the profane discarding of many of our best resources in human beings themselves.

At last the problem of "over-production" which wipes out capitalist profits becomes insoluble on a domestic basis and within the framework of international peace. No peacetime waste can be contrived, either through propaganda or subsidy which will solve it. Nations which come to this final crisis do not immediately make open declaration of the sinister plans now deeply maturing for further waste and destruction of their "surplus" manufactured and agricultural goods. At first they begin to lend money abroad that other more depressed nations may buy these "surplus" products and drain them away. This can be achieved sometimes through private loans, as after the first world war; or through "Marshall Plans" and E.R.P. bounties, as at present. But finally even these means cannot suffice. Loans and gifts for economic "recovery" slip logically over into rearmament programs both at home and abroad—always, of course, avowedly for the "preservation of peace." Then the time comes when the capitalist world goes in for waste on the grandest and most satanic scale, with bombs



and fire, that a new cycle of profit-making and inflationary production may start another irrational competitive rush.

To a religious man, this is a grave sacrilege. All intelligent men, whether or not they profess any explicit religious faith, must grieve over the dreadful sacrilege of such waste. But religious men ought to be filled with a contrite fear at this ghastly spectacle of man's desecration of God's created world, a world given for man's welfare and not to be exhausted for the competitive profit of a few, nor ruined in the cause of man's subsequent self-destruction.

There is ground for rejoicing that what is probably an entirely new factor has entered the contemporary religious scene. For the first time in history it now dawns upon the religious consciousness that what is called sin does not reside exclusively in the selfish wrong-headedness and perverted wills of individual men. Sin can be enshrined in a social structure, as in our present one, in a way which can vitiate the best intentions of the very saints themselves. Our religious forebears never clearly comprehended this truth, although the laws and precepts of their religion had from the beginning pointed the way to it. This lack of understanding has had disastrous results; for it has caused religious people to come to terms with evil economic arrangements looked upon as somehow fixed and humanly unalterable, perhaps even thought to be sent from God! One way out of this difficulty has been to turn "religion" into mere individualist and private piety and to make its concern a next-worldly one utterly foreign to the Judeo-Christian tradition. But the modern development of scientific socialism opens a new door of hope to all religious people. The fresh and well-grounded assurance that, as Karl Marx put it, men can have a rational part in making their own history, shows us that we need no longer "adjust" ourselves as best we may to an anti-brotherly economic system, but can, instead, mold it, to the end that future history may approach nearer to the requirements of our own basic religious motivations. This is the vast contribution which socialist economics is currently making to the cause of religion.

And in return for this, the religious man can affirm, to the hope of humanity and the confusion of cynical sceptics, that human nature at its most rational is basically cooperative. However much men's motivations have been misguided and perverted in a non-cooperative (i.e. non-brotherly) and irrational competitiveness, we will come to our full stature as truly rational and truly human beings, will do our finest work and live our most productive lives, when a socialist structure permits us to lay aside an imposed jungle mentality and to realize unimpeded our properly cooperative social selves.

## IS THE MARSHALL PLAN AN INSTRUMENT OF PEACE?

BY PAUL M. SWEETZ

The annual question of how much money should be appropriated to carry out the purposes of the Marshall Plan is again before the Congress. It is a good time to recall what those purposes were supposed to be and to examine the extent to which they are being realized in practice.

The Marshall Plan was sold to the American people as a program of aid to the countries of western Europe which would enable them to achieve, within the space of about five years, full economic independence. That is certainly a praiseworthy aim. Economically independent countries can also afford to be politically independent. A politically independent western Europe, tied to no blocs and defending its own interests in the arena of international politics, would be a powerful force for peace. If the Marshall Plan were really calculated to create an independent western Europe, it should receive support.

It is for precisely this reason that by far the most important fact about the Marshall Plan is that it is not creating an economically independent western Europe. There is not the slightest prospect that it will create an economically independent western Europe.

Official analyses of the Marshall Plan reveal this fact even though they dare not admit it. Honest evaluations of the Marshall Plan say it frankly and unequivocally.

Here, for example, is what Walter Lippman had to say in his column in the *Herald-Tribune* of June 13:

There is current a good deal of pretense and propaganda about how well in hand everything is. Yet ever since the report of the Marshall plan countries which was made available at the end of 1948 it has been known to the relatively few who studied it that the goal of European recovery, in the official and popular sense of the words, was unattainable by 1952—during the period set by Congress and agreed to by the Marshall plan countries. It was certain that even with almost unlimited wishful thinking the leading industrial countries of Europe could not become self-supporting and still achieve and maintain a tolerable standard of life by 1952, or in fact at any foreseeable date.

I believe this is a sober statement of the truth—the bedrock from which any rational evaluation of the Marshall Plan must start.

## IS THE MARSHALL PLAN AN INSTRUMENT OF PEACE?

Why is the Marshall Plan failing to achieve its announced goals? Many theories are currently being put forward to explain this. Some say that it is because the United States is perverting the Marshall Plan into an instrument of American imperialism. Some say that it is because the British are selfishly looking out for their own recovery and neglecting the interests of western Europe as a whole. Some say that it is because of the maze of regulations and restrictions which are choking trade among the Marshall Plan countries themselves.

There is, of course, something to each one of these theories. But they are all essentially superficial, and even if the conditions to which they call attention were remedied the situation as a whole would not be decisively altered. The Marshall Plan might be administered without a thought for the interests of American business. The British might be as altruistic as they are alleged to be selfish. Trade restrictions among the Marshall Plan countries might be completely eliminated. There would still be no economically independent western Europe by the end of 1952.

The truth is that the Marshall Plan does not touch the real problem of western Europe. The Marshall Plan is based on the tacit assumption that western Europe was temporarily knocked out by the war and that what it needs is help in getting back on its feet again. This is a totally inadequate diagnosis. In fact the war was merely the climax of a long-term trend. The *status quo ante* in western Europe is dead; no amount of outside assistance can bring it to life again. To quote Thomas Balogh, an eminent Oxford economist: "Western Europe's crisis is not a temporary or short lived departure from an 'equilibrium position' to which it is easy to return. It is a historically unique, harsh break with all that has gone before, a fundamental crisis."

In broad outline the nature of this crisis is clear and simple. Western Europe was the original home of capitalism. During the 18th and 19th centuries it was economically by far the most advanced region in the world. It used its wealth and power to establish relations with the rest of the world which were enormously advantageous to western Europe. On the strength of these advantageous relations with the rest of the world, western Europe developed a very numerous population and provided it with a relatively high standard of living.

It is easy to see now, looking back, that the foundation of western Europe's extraordinary prosperity was temporary. The rest of the world was bound to catch up and to demand a redefinition of its relations with western Europe. When that happened western Europe could no longer go on living in the old way. It would have to face up to the problem of reconstructing and reorienting its economy to meet the requirements of a changed world.

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The two world wars greatly accelerated this inevitable historical development. Already in the inter-war period, the day of reckoning was clearly approaching. By the end of World War II it was obvious that it had at last arrived.

What were the practical alternatives?

First, outside aid which would permit western Europe to evade the real problem but would in no sense contribute to its solution.

Or, second, a thorough-going economic revolution which would cut through centuries-old vested interests, drastically redirect and reorganize the utilization of human and material resources, and open the way for a planned coordination of the western European economy with the economies of other regions which would be both willing and able to enter into firm long-term commitments of a mutually beneficial nature. The watchword of such a revolution would have to be planning and still more planning — vigorous, disciplined, comprehensive.

Only a political imbecile could believe that the traditional ruling classes of western Europe would or could carry through such a revolution. It would have to be done by the working class which has few privileges to lose and is capable of toil and sacrifice for a communal goal. And in the very process of carrying out this great revolution, the workers of western Europe would inevitably be forced to scrap the old capitalist system of production for profit and to substitute a new socialist system of production for use.

In the actual circumstances which prevailed after World War II such a revolution was a very real possibility. On the continent the Resistance movements, under the leadership of Socialists and Communists, were everywhere spearheading the drive for radical economic reform. In England the Labor Party was swept into power on a wave of popular enthusiasm for its stated socialist aims. A firm Socialist-Communist front could have led the way forward despite all obstacles.

But the leaders of the United States, and especially those who have their offices in the skyscrapers of New York rather than in the government buildings of Washington, feared nothing so much as a real revolution in western Europe. They had one, and only one, weapon with which to fight it — economic subsidies which would give the old order a new lease on life and permit western Europe, for the time being at any rate, to evade rather than tackle the basic problem which confronted it. They used their weapon skillfully and ruthlessly; and they found valuable allies among the social democratic leaders of western Europe.

At first the subsidies took the form of a variety of loans and grants. Later they were systematized in the more effective form of the Marshall Plan with its centralized administrative apparatus, its network

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of bilateral treaties, and its agents in each of the countries affected.

Thus we see that while the Marshall Plan was sold to the American people as a *solution* to the crisis of western Europe, in reality it is just the opposite. It is the means by which American capitalism seeks to prevent western Europe from solving its own crisis in the only possible way it can solve the crisis, by the adoption of socialism.

It is only against this background that we can properly evaluate the relation of the Marshall Plan to peace and war. The relation is not a simple one and nothing is gained by pretending that it is.

If the ruling elements in the United States were prepared to continue the Marshall Plan indefinitely, if the support of the American people for such a policy could be secured, and if the economy of the United States could be stabilized by a continuing export surplus of this magnitude, then the Marshall Plan would have a tendency to reduce international tensions, at least for a considerable period. Western Europe would become the passive dumping ground for an economic system which is always in danger of choking on its own surplus product.

But none of these conditions is likely to be fulfilled. Subsidizing western Europe is not a directly profitable form of investment for American capitalists; the people of the United States are not sufficiently initiated into the mysteries of capitalist economics to understand the need for giving away 5 or 6 billion dollars a year forever; and in any case 5 or 6 billion dollars is not enough to keep American capitalism from choking.

Hence the Marshall Plan must be looked upon as a stopgap expedient which solves neither the problems of western Europe nor the problems of the United States. Being essentially temporary and inadequate by any standards, it cannot but play a disturbing role in international relations.

And yet it is hardly accurate to say that the Marshall Plan as such is a threat to peace.

The real threat to peace comes from the utter and complete inability of the rulers of the United States to devise a non-warlike program for dealing with the overwhelming problems which are pressing in on them from all sides.

When the Marshall Plan runs out, the crisis of western Europe will be no nearer solution than it was two years ago — and it may be added that the obvious and continued success of socialist planning in eastern Europe will by that time have shown the western Europeans how they can solve their crisis if they but have the will and the resolve. American capitalism is already giving signs of sliding into the inevitable depression which all the world expects and which our rulers know will deal a bodyblow to their prestige and authority. Worst of

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all from their point of view, if something isn't done, even the American people may wake up from their propaganda-created nightmare of Soviet aggression and Communist plots to discover that the real world is one in which those nations and peoples who manage their affairs in their own interests go forward in spite of all obstacles, while those who put their trust in the gods of free enterprise find themselves hopelessly stuck in the mire of economic insecurity and political reaction.

These are the problems which stare the rulers of America in the face. They do not know how to overcome them. In truth there is no way to overcome them within the framework of the self-contradictory system to which they are wedded. In the long run the replacement of capitalism by a rational socialist order is as certain in the United States as elsewhere. But in the meantime, the greatest danger to world peace, and indeed to much that is best in human civilization itself, is that the rulers of America will seek to put off the day of reckoning by embarking on a career of unlimited militarism and imperialism.

They are already moving in this direction — whether consciously or not is beside the point. If they continue, war may not come soon; but it is hard to see how it can be avoided indefinitely. Militarism and imperialism have their own logic, and its final term is war.

Is it too late to call a halt? That will depend on how quickly the people everywhere, but especially the people of western Europe and America, can be brought to understand that the only possible guarantee of lasting peace is a new social order which puts the interests of producers and consumers above the interests of private capital.

## CAPITALIST "PLANS" AND THEIR SIGNIFICANCE

BY CHARLES BETTELHEIM

The existence of capitalist "plans" leads us at the outset to pose the following question: does the existence of plans warrant the conclusion that there is such a thing as genuine capitalist planning?

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In our opinion, the answer to this question must be in the negative—and that for a number of reasons.

1. All the economic "plans" of the capitalist countries present themselves as "partial plans," as programs (of production, exports, allocation of this or that product, etc.) and not as genuine, coherent, clear-cut economic plans. Since economic phenomena are interdependent, an economic plan, to be genuine, must be comprehensive.

In a genuine economic plan all economic quantities have to be determined: the amount, form, and nature of investments; the size of the national income; the share of this income destined for accumulation and the fraction destined for consumption; development of technique; alterations in productivity; etc.

But none of the capitalist "plans" contains all these elements. And if they are lacking it is not just "by chance," nor for "technical" reasons, nor because of "insufficient preparation." The reason is that they must be absent because in fact most of these quantities are determined by decisions of the monopoly capitalists taken after due consideration of the actual course of economic events, with allowance for expected fluctuations, and with a view to the furtherance of their own interests.

It follows that the capitalist "plans" deal essentially with those economic quantities which the capitalists are willing to see fixed in advance—which it is in their interest to have fixed in advance. All of which, however, does not prevent them from changing their schemes from top to bottom if their calculations turn out to have been wrong, or if there is a change in the relation of forces in existence at the time the calculations were made. We have seen an excellent example of this kind in the impact of the Marshall Plan on the Monnet Plan.\*

2. Because of their essentially provisional character, these "plans" are "plans" in name only.

A real economic plan constitutes a social obligation—an obligation for every one—and not a collection of forecasts, nor even a simple framework within which economic development is supposed to take place. Even more: within an economy which is really planned, the plan constitutes the motor of production. Production is at once animated and guided by the plan. In the socialist economy the expansion of socialist production depends upon the plan. There is nothing of all this in the capitalist economy. In this economy, which works for profit and not for the satisfaction of needs, it is profit which both animates and guides economic life.

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\* *The Monnet Plan* is a "plan," named for its principle author and elaborated shortly after the end of the war, for the reconstruction and structural reorganization of the French economy. The impact of the Marshall Plan on the Monnet Plan is analyzed in detail by Dr. Bettelheim in "Plan Monnet et Plan Marshall," *Cahiers Internationaux*, Feb. 1949, pp. 53-67.—Editors

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Capitalist economy, obeying the law of profit, cannot at the same time obey the law of a plan, and from this fact springs the essentially conjectural character of capitalist "plans." The actual development of capitalist economy, which, in spite of all "plans," continues according to its own laws, often diverges widely from the estimates and forecasts on which these "plans" were based.

Does this mean that the "plans" exercise no influence on the economic life of capitalist countries? Certainly not. But this influence is subordinated to the special laws and blind necessities of the capitalist system. It is a restricted influence which never goes beyond the regulation of certain phases of economic activity, or the sanctioning (by the intervention or with the aid of the capitalist state) of concerted action among capitalists in a specific sector of the economy.

All this is not enough to constitute a genuine economic plan. At most it signifies a program of economic action—a program which, given the present-day structure of capitalism, can only be worked out and put into operation with the consent of big business, of monopoly capital, to the disadvantage not only of the non-capitalist strata of the population (workers, farmers, small traders, etc.) but also to the disadvantage of the non-monopolized industries.

3. Finally, it is a long way from the elaboration of economic "plans" to putting them into operation and realizing them in practice. To achieve genuine *planning* it is not enough to concoct "plans" on paper. It is necessary to provide for their execution and to have the power to carry them out. But this is beyond the power of the capitalist state because the means of production which have to be set in motion in order to realize the "plan" are outside of its control. These means of production do not belong to it; they are private property. They are managed, as we have already emphasized, according to the law of profit and not according to "the law of the plan."

Since in capitalist society the means of production are private property, although they serve a social purpose, it follows that the forces of production cannot be dominated in the manner required by planning. On the contrary, they dominate men and give rise to all the convulsions which shake the capitalist world. If the social forces of production are to be dominated they must be socially appropriated, for it is in this way, and only in this way, that they can be controlled. To the extent that this has not been accomplished, to the extent that capitalist society still exists, there can be no question of genuine planning, which presupposes the domination by society over its own forces of production.

To sum up what has been said to this point, we can say that in the present phase of capitalist development we have, in most capitalist



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countries, a more or less extensive elaboration of economic programs. These programs doubtless represent *attempts* at planning. They do not in the least represent realized planning. They do not lead and they cannot lead—from the very nature of capitalism—to a planned economy, to an economy effectively obeying a plan and developing in conformity with it.

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Some people will perhaps say: Agreed, capitalist "plans" are not genuine plans. They do not permit us to realize a planned economy. They do not allow us to go beyond capitalism, but in the meantime do they not constitute economic progress?

To this question we can, generally speaking, give a negative reply. Capitalism, ever since it entered its imperialist phase—and even more since it has been smitten by the general crisis of capitalism—has absolutely ceased to be a progressive system. Capitalism is now a system which stifles the development of productive forces, or which develops them only to turn them into their opposite, into forces of destruction. It is for this reason that present-day capitalism oscillates between wars and crises. Capitalist "plans" are absolutely incapable of changing this state of affairs. We need only look around us to convince ourselves of this fact.

In practice, in reality (and not in the theory of certain authors), capitalist "plans" are nothing but efforts to ensure the survival of capitalism, the survival of a system which is henceforth incapable of bringing to mankind anything but blood and tears, and to ensure this survival in such a way as to make it possible for Big Business to realize the maximum possible profit under the circumstances.

Plans designed to ensure the survival of a regime which oscillates between wars and crises, while permitting those who profit from this regime to derive the maximum benefit from it, can under no circumstances be considered "instruments" of progress.

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It is certain, to be sure, that public spending for armaments has had, and still does have, an influence on the level of economic activity and employment in capitalist countries. It is certain that this spending has permitted the utilization—especially in wartime—of that "excess capacity" from which the capitalist economy generally suffers, that it has even called forth in the United States during the years 1941-44, an increase in productive capacity, rendering "excess capacity" a greater problem today than ever before.

Thus the idea of planned action by the state with a view to increasing demand and realizing full employment constitutes, in a sense,

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merely the transference to a peace economy of the experience of a war economy.

We must note that the upsurge of production and employment observed in war or war-preparation economies of the capitalist countries is closely linked to the fact that state financing of armament expenditures is provided for not out of taxes alone—which in general would reduce private spending in favor of public spending but would not affect total spending—but partly by loans and partly by expanding the monetary circulation (in the broad sense of the term). We find the theoretical reflection of this state of affairs in the apology for budgetary deficits which have come to be regarded as a panacea by some economists. The truth is that the argument for budgetary deficits and loans which is put forward today by a number of Anglo-Saxon economists who believe in capitalism (an argument rigorously opposed to the dogma of budgetary equilibrium which prevailed in the heyday of capitalism) only reflects the conditions under which capitalism exists today, beset as it is by the general crisis of the system.

The general crisis of capitalism is characterized by the fact that the capacity to accumulate capital has greatly surpassed the capacity to utilize additional capital in a normal way, the consequence being a generally depressing influence on the economy as a whole. But—and this is precisely the point—loans provide for this additional capital a supplementary outlet in interest-bearing titles to the public debt and, at the same time, as Marx already observed, this capital is transformed into revenue and hence does not contribute to the heaping up of productive capital which is already present in excessive quantities.

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It is convenient at this point to underline another thesis of neo-reformism: *the abandonment of the criterion of profitability* in the management of the economy. This thesis is partly bound up with the notion of deficit spending, but it also goes beyond to the extent that it is applied to the management of industrial services of the state, to the nationalized sector, and even to the private enterprises.

In present-day capitalist practice this thesis corresponds to the nationalization of unprofitable sectors of the economy, and to the generalization either of the policy of subsidies turned over by the state to capitalist enterprises which are unable "to pay their way," or of the policy of purchase by the state of certain products which are subsequently sold at a loss. France, England, and the United States provide, in different forms, examples of such a practice—a practice which the neo-reformists interpret as "socialism" or as a feature of their full-employment "plans."

This thesis coincides with the necessities of a decadent capitalism which, however, continues to depend upon profit. *Profit continues to be*

*the motor of economic activity in the decadent capitalism of the 20th century just as it was in the capitalism of the 19th. Nevertheless the capitalism of the 20th century abandons the criterion of profitability. In this respect it is radically opposed to socialism which does away with profit as a motive force but which maintains the criterion of profitability in the affairs of the individual enterprise.*

The real reason for the abandonment of the criterion of profitability by present-day capitalism—which nevertheless does not hesitate to make full use of this criterion whenever it is a question of stepping up the exploitation of workers—must be sought in changes in the structure of capitalism, in a decline in the rate of profit linked to a rising organic composition of capital, and in the development of monopoly domination.

It is because of this domination that surplus value created in the competitive sector of the economy is transferred, through the price mechanism, to the monopolistic sector. When this process has reached a certain point, a more or less important part of non-monopolized business ceases to be profitable or even begins to operate at a loss (a phenomenon which is sufficiently common in the field of agriculture). It is in this connection that subsidies take on their true significance: the state borrows, at interest, from monopoly capital a part of its profits. The proceeds of these loans are used to subsidize unprofitable enterprises which are essential to the reproduction of the total social capital and which would otherwise be threatened with extinction. Monopoly capital thus controls the revenues of the non-monopolized sector and takes in as the "price" of this control the interest which is paid by the state on its loans.

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Thus, from whatever angle we look at the question, capitalist "plans" not only do not appear to us as genuine economic plans; they also are completely devoid of any "progressive" character. Fundamentally, they are quite incapable of bringing about any amelioration of the social and economic situation. On the contrary, normally they are "plans" of armament and war, or "plans" for the restoration of capitalism. If they contain any other elements it is solely due to the direct or indirect pressure of the working class.

The deeper significance of these facts should not be allowed to escape us: these "plans" are incapable of bringing capitalism out of the crisis in which it is now entangled; they are incapable of protecting world capitalism from the depression which now threatens it; they are incapable of increasing the consuming power of the masses, the only method (outside of war) by which the excess capacity of capitalist productive apparatus could be made to disappear.

Practically, this means that the fundamental analysis of capital-

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ism requires no revision because of the appearance of these "plans." But it also means that in the field of the ideological struggle a new effort of "demystification" is needed and that it should be carried out with all the vigor at our command.

### VALUE AND SURPLUS VALUE

BY LEO HUBERMAN

The division of society into warring classes is not new. The class struggle existed before capitalism — it is as old as written history. Rich and poor, oppressors and oppressed, constantly fighting; that has been the pattern of history. In capitalist society the antagonisms between classes continue, but in place of the old, new classes, new forms of struggle, new conditions of oppression are established.

The oppression that exists in capitalist society is much more difficult to see than it was in slave or feudal society. But it does exist.

Today, as in the days of slavery and feudalism, there is "exploitation," that is, one class takes to itself the product of the other class's labor without paying for it in full. Today, as in those days, the exploited person works part of the time for himself and part of the time for someone else.

There was no mystery about the exploitation of the slave. Everything he produced belonged to his master. Of course, in order to work at all, the slave had to live, so the cost of his miserable food, clothing, and shelter had to come out of what he produced. His master took all the rest and lived on it.

Nor was there any mystery about the exploitation of the serf. Roughly half the time he worked on his own land, the rest of the time he had to work for the lord on the lord's land. The lord lived on the labor of the serf. The exploitation was plain.

The exploitation of the worker in capitalist society, however, is not so plain. Unlike the slave or serf he is not *forced* to work for this master or that lord. Presumably he is a free agent who can work or not as he pleases. And having chosen the employer for whom he will work, the laborer receives his pay for his work at the end of the week. How, then, is he being exploited?

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*The second of a series of articles designed to present as simply and clearly as possible the fundamental principles of socialism.*

In capitalist society, man does not produce things which he wants to satisfy his own needs, he produces things to sell to others. Where formerly people produced *goods for their own use*, today they produce *commodities for the market*.

A coat, made by a man for himself, is not a commodity. A coat made to be sold to someone else — to be exchanged for money or for another article — is a commodity. Though there are, of course, a few people here and there who still make their own coats for themselves, that is not typical of production in our society. Hundreds of workers assembled in a factory working together to produce thousands and thousands of coats which the employer will sell in the market to people all over the country, that is typical of production in our society. The production of goods not for consumption directly, but for exchange, for sale, that is typical. The capitalist system is concerned with the production and exchange of commodities.

Now what determines how much these commodities, the coats, shoes, autos, chairs, chewing gum, bread, candies, etc., are worth? Why is the value of some commodities — say fine watches — measured in hundreds of dollars, while the value of other commodities — say orange juice squeezers — is measured in dollars?

The answer is fairly obvious. It takes a lot of workers a lot of time to make the parts of a fine watch and the watch itself; it takes a worker very little time to make an orange juice squeezer. It would seem, then, that the value of commodities is determined by the amount of labor time spent on them. Thus, if it takes sixteen hours to make a coat, and eight hours to make a pair of shoes, then the coat will be twice as valuable, and one coat will exchange in the market for two pairs of shoes.

Benjamin Franklin was aware of this. He wrote, "Trade in general being nothing else but the exchange of labor for labor, the value of all things is justly measured by labor."

Air is free. Why? Because no human labor is required to make it available. Water in a mountain stream is free—because no human labor is required to make it available. But that same water piped into the city and run out of the tap in your kitchen sink costs something—because it takes human labor to bring it there.

But there is all kinds of labor — skilled and unskilled, fast and slow, efficient and inefficient, machine and hand labor. If it is true that the value of a commodity is determined by the labor time necessary to produce it, then it might seem that a pair of shoes produced by a slow inefficient worker would be worth more than a pair of shoes produced by a fast efficient worker, since it would take the slow worker

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more time to complete it. That, however, is obviously not the case. So we must be more precise in our definition of value.

Because some labor is fast and some slow, some plants work with new efficient machinery while others work with old inefficient machinery, we say that the value of a commodity is determined by the "socially necessary" labor time required to produce it — which means, in simple language, average labor working with average tools.

Well, we've come a long way from the thing we started out to prove — that in capitalist society, as well as in slave and feudal society, the worker is exploited. Suppose we grant that the value of a commodity is determined by the socially necessary labor time required to produce it. Has that anything to do with proving that the worker, like the serf, works only part of the time for himself and part of the time for his boss?

Indeed it has. Because the worker, you will recall, does not own the means of production. He can make his living in only one way — by hiring himself out for wages to those who do. He, too, goes to market with a commodity for sale — his capacity to work, his labor power. That's what the employer buys from him. That's what the employer pays him wages for. The worker sells his commodity, labor power, to the boss in return for wages.

Whether he works with hand or brain, whether he punches a press or pounds the keys of a typewriter, whether he plows the land or digs coal, whether he works as a day laborer or on a piece-work basis, makes no difference. What the worker is doing is selling the one commodity he has to sell — his labor power — in return for wages..

How much wages will he get? What is it that determines the rate of his wages?

The key to the answer is found in the fact that what the worker has to sell is a commodity. The value of his labor power, like that of any other commodity, is determined by the amount of socially necessary labor time required to produce it. But since the worker's labor power is part of himself, the value of his labor power is equal to the food, clothing, and shelter necessary for him to live (and since the supply of labor must continue, to raise a family).

In other words, if the owner of a factory, mill, or mine wants forty hours of labor done, he must pay the man who is to do the work enough to live on, and to produce another worker capable of taking his place when he gets too old to work, or dies.

Of course, "enough to live on" is not the same everywhere. It is different, for example, in China and in the United States. It will vary from country to country according to climate and other physical con-

ditions. The worker's natural wants — the food, clothing, and shelter he will need — will not be the same in a hot country as in a cold country, on a desert or on a mountain.

The history and traditions of the nation, its degree of civilization will also play a big part in determining what is "enough to live on." People want the things they see other people have. In a country where the stores are filled with every kind of article under the sun, people will feel they need more than in a country which has little. In the United States, for example, having a radio is just as "necessary" to some people as an extra bowl of rice would be to a Chinese laborer.

Workers will get, then, in return for their labor power, subsistence wages, with enough more (in some countries) to enable them to buy a radio, or an electric refrigerator, or a ticket to the movies occasionally.

There will, of course, be times when more than this minimum can be obtained. In those periods when there are more jobs than there are workers, e.g. during a war period, then workers can demand and get higher wages. But in capitalist society the pressure is always in the other direction — toward driving real wages down to the lowest possible minimum. And since the tendency in capitalist society is not toward full employment, but increasingly toward unemployment, that pressure is accentuated.

Does this economic law that workers' wages will tend to be merely subsistence wages mean that political and trade union action by workers is useless? No, it definitely does not. On the contrary. It means, rather, that the only way that workers have to prevent wages from staying at that level (and, in fact, in periods of widespread unemployment, going below it) is by militant struggle. Workers, through their unions, have been able in some countries, including the United States, to raise wages above the minimum subsistence level. And the important point to remember is that this is the *only* way open to workers to keep that economic law from operating all the time.

We are told by the NAM and other spokesmen for Big Business that the only way for workers to get higher wages is to work harder to increase production. That is simply not true. It is not true to say to workers that "the more you produce the more you get." The amount of the worker's wages depends on the value of his commodity, labor power, and that is equal to the cost of his subsistence. Trade union action can raise wages, but increased production won't.

If you find it hard to believe that employers, as a class, won't raise wages as production increases, ask yourself the question: "Why should they?" Capitalist employers are not in business for their health — or indeed, for their workers' health. They are in business solely to make a profit, the bigger the better. In order to make a pro-

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fit they must have workers who will run their machines so many hours a week. And just as the machines must be oiled and have fuel supplied to keep them running efficiently, so must the workers get enough in wages to buy the food, clothing, and whatever else they need to keep alive and working. If they don't get that much they can't work. If they do get that much they can work. So that much — the workers' subsistence — *must* be paid. But why pay more?

We come now to the crux of the problem of exploitation. Where does profit come from?

You will recall that the capitalist system is concerned with the production and exchange of commodities. Does the capitalist who owns thousands of head of sheep make his profit by raising the price of his commodity, wool, above what it is worth? Does the capitalist who owns a cloth factory make his profit by raising the price of his commodity, cloth, above what it is worth? And does the capitalist who owns a suit factory make his profit by raising the price of his commodity, suits, above what they are worth?

It is plain that profits can't originate from that kind of a merry-go-round, because what the suit manufacturer gains as a seller of suits, he loses as a buyer of cloth, and what the cloth manufacturer gains as a seller of cloth, he loses as a buyer of wool. The only result of such a series of transactions would be higher prices all around from which no one would benefit.

Of course there are times when it is possible for this or that manufacturer to make a "killing" by taking advantage of a customer who for one reason or another has particular need of a certain commodity and will pay any price for it, but there again there won't be any net gain in such a transaction because what extra profit the manufacturer makes, the customer loses.

We must not assume that the capitalists, as a class, habitually cheat one another by exchanging their commodities *above* their values all the time. That doesn't happen. What does happen is that they are able to exchange their commodities *at their actual values*, and still make a profit. How?

It is not in the process of exchange but rather in the process of production that we will find the answer. The profits that go to the capitalist class arise out of production.

Let us take a shoe factory employing 500 workers. It is their job to use their skill and with the machinery in the plant transform the raw material, leather, into the finished article, shoes. They do so.

The value of the leather as raw material was, let us say, \$2. But the value of the leather as finished shoes is \$10. Why? There isn't more leather than there was before (in fact, there will be less).



The reason the leather has gone up in value is that labor has been added to it — the leather, as shoes, contains a greater quantity of labor than before. The workers by transforming the raw material into the finished article have brought new wealth into existence, have created a new value.

Does the amount of this new value that has been created by the worker go to the worker? No, it does not. It goes to the employer. Part of it he pays to the worker as wages. The rest he keeps for himself. The difference between what the worker is paid in wages and the amount of value he has added to the raw material is what the employer keeps. That's where his profit comes from.

By selling the shoes *at their value* — \$10 — he still makes a profit. It is in the process of production that profit originates.

Unless you are clear on this you will not be able to understand how the capitalist system works. So let's examine the process from another angle.

When a worker hires himself out to an employer he doesn't sell him what he produces, the worker sells his ability to produce.

The employer does not pay the worker for the product of eight hours work; the employer pays him to work eight hours.

Get the difference? It's important.

The value of the commodity which the worker sells to the employer is, you remember, enough to keep him alive, a subsistence wage. And that's precisely what the employer pays him.

The worker sells his labor power for the length of the whole working day — say eight hours. Now suppose the time necessary to produce the value of the worker's wages is four hours. He doesn't stop working then and go home. Oh, no. He has been hired to work eight hours. So he continues to work the other four hours. In these four hours, he is working *not for himself*, but *for his employer*. Part of his labor is *paid labor*; part is *unpaid labor*.

The shoes or coat or chair or whatever commodity it is that the worker produces contains eight hours of labor. So by selling the commodity not above its value, but at its value, the employer makes a profit.

His profit comes from the unpaid labor.

There *must* be a difference between what the worker is paid and what he produces, else the employer wouldn't hire him. The difference between what the worker receives in wages and the value of the commodity he produces is called *surplus value*.

Surplus value is the profit that goes to the employer. He buys labor power at one price and sells the product of labor at a higher

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price. The difference — surplus value — he keeps for himself.

If the worker is paid \$30 for the week and he adds \$65 to the value of the raw materials on which he works, the difference between what he is paid and the amount of the value he has added is \$35 — the surplus value, the profit, which goes to the employer.

Now surplus value is not necessarily clear profit. The employer doesn't keep all of it. He may have to pay some of it, in rent, to the landlord who owns the land on which the factory is built; he may have to pay some of it, in interest, to the bank from which he has borrowed money to buy the machinery in the factory; and a slice of it will go to the wholesalers and retailers who distribute the commodities that come out of his factory.

The land-owning capitalists and the money-lending capitalists get a cut out of the profits of the manufacturing capitalists. While the surplus value doesn't all go to the employer, the first capitalist involved in the production process, nevertheless all of it does go to the capitalist class.

Surplus value is the source of profit, rent, and interest—the returns to the capitalist class. Surplus value comes from the labor of the working class.

The exploitation that exists in capitalist society was recognized by Abraham Lincoln. He didn't like it. This is what he said: "No good thing has been or can be enjoyed by us without having first cost labor. And inasmuch as most good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them. But it has so happened in all ages of the world, that some have labored, and others have without labor enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor, or as nearly as possible, is a worthy object of any good government."

continued from inside front cover

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At the suggestion of one of our readers we are listing the price of bulk orders for *Monthly Review*: 25c per copy for orders of 15 and over. He liked our first issue, thought the magazine would prove very effective, but "getting subscribers isn't easy" so "please send me 100 copies and bill me on the basis of a quantity order." We did and promptly received his check for \$25. We know that not every reader can do as much; but if every one would show the same spirit of enthusiastic cooperation, we might be able to expand from 32 to 48 pages much sooner than we had expected.

Another reader writes that our failure so far to announce plans for future issues is a "serious omission." Agreed. Articles have been commissioned or are in preparation on the following topics (the list is not exhaustive): the past record and future program of the British Labor Party, nationalization of industry in Britain, the socialist movement in Israel, Austrian social democracy, world government, means and ends, force and violence, the *Communist Manifesto* after 100 years, the role of the Catholic Church in the American labor movement, and additional articles in the "Why I Believe in Socialism" series.

We haven't space as yet for a regular correspondence department, but we plan to devote part of an early issue to analyzing and answering the most important queries and criticisms which have come from readers. If you have no objection to our using your name in connection with the publication of letters or excerpts from letters, please say so when you write. It may save us the trouble of having to write you.

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